

STAFF REPORT

Date: April 12, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Resolution pertaining to the issuance of Bonds for the purpose of refinancing certain outstanding Bonds of the City; authorizing the Finance Director to arrange for the sale of Bonds; together with other matters pertaining thereto.

From: Vicki Van Buren, Director of Finance

Department: Finance

Summary:

This is a Resolution pertaining to the issuance of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2023 (the "2023 Bonds") for the purpose of refinancing certain outstanding bonds of the City for the purpose of reducing interest costs and effecting other economies and authorizing the Finance Director to arrange for the sale of the 2023 Bonds; together with other matters properly relating thereto.

Alignment with Strategic Plan:

Fiscal Sustainability

Previous Council Action:

March 26, 2002: Council adopted a bond ordinance authorizing the issuance of the City of Reno, Nevada, Capital Improvement Revenue Bonds, Series 2002 (the "2002 Bonds")

April 29, 2002: Capital Improvement Revenue Bonds, Series 2002 (the "2002 Bonds") issued

January 16, 2013: Council adopted a resolution requesting the Washoe County Debt Management Commission to meet to consider approval of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds") to refinance a portion of the outstanding 2002 Bonds.

February 7, 2013: The Washoe County Debt Management Commission approved the 2013 Bonds.

February 27, 2013: Council adopted the resolution of intent to issue the 2013 Bonds.

March 1, 2013: The City published notice of intent to issue the 2013 Bonds and notice of public hearing regarding the issuance of the 2013 Bonds.

March 27, 2013: Council held a public hearing on the issuance of the 2013 Bonds.

May 22, 2013: Council adopted a bond ordinance authorizing the issuance of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds")

July 9, 2013: Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds") issued

Background:

The City previously issued its 2002 Bonds on April 29, 2002. A portion of the 2002 Bonds were refinanced by the 2013 Bonds on July 9, 2013. The 2013 Bonds are general obligation bonds of the City and are additionally secured by a lien on certain Pledged Revenues described below. All debt service on the 2002 Bonds and the 2013 Bonds has been paid first from revenues derived from certain taxes on the rental of transient lodging from the one percent bowling facility tax within the County, second from revenues derived from certain taxes on the rental of transient lodging from the 1999 Tax comprised of up to \$1,500,000 per year subject to certain adjustments, from a one percent tax within the County (excluding the City's police protection area) and 1.5 percent tax from the area designated to benefit from the multipurpose bowling facility and third from 15 percent of consolidated tax revenues (collectively, the "Pledged Revenues").

Discussion:

The sale resolution allows the Finance Director authorization to arrange for the issuance and sale of the 2023 Bonds to refund all or a portion of the outstanding 2013 Bonds for interest rates savings and to effect other economies. The 2023 Bonds will not extend the final maturity date of the 2013 Bonds of June 1, 2032.

Financial Implications:

Based on estimated current interest rates, the new debt service is expected to lower interest costs and provide estimated interest rate savings of approximately \$205,000 per fiscal year, over the remaining term of the bonds, with estimated present value savings of \$1.6 million or 5.9 percent of refunded par. The 2023 Bonds are general obligation bonds of the City and are additionally secured by a lien on the Pledged Revenues.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council adoption of the Resolution.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Sale Resolution